

CITY COUNCIL REGULAR SESSION

Ordinance extending the life of certain complete building permit applications, complete clearing and grading permit applications, issued building permits, and issued clearing and grading permits when complete permit applications have been submitted to the City, or the issued permits remain active, between the effective date of this Ordinance and June 30, 2023; providing for an exception for civil violations; providing for severability; and establishing an effective date.

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EXECUTIVE SUMMARY

As directed by Council on March 13, this Ordinance extends the life of certain complete building permit applications, complete clearing and grading permit applications, issued building permits, and issued clearing and grading permits when complete permit applications have been submitted to the City, or the issued permits remain active, between the effective date of this Ordinance and June 30, 2023.

RECOMMENDATION

Move to adopt Ordinance No. 6732

BACKGROUND/ANALYSIS

At the March 13 study session, Council directed staff to bring the permit extension Ordinance back for adoption with the provision that complete building permit applications and complete clearing and grading permit applications, as well as issued building permits and clearing and grading permits, that are active between the Ordinance effective date and June 30, 2023 receive the benefit of the 180-day extension. The Ordinance has been modified to address that Council request.

Council also asked for the number and type of permit applications and issued permits that would be affected by the Ordinance. The following chart outlines that information, noting that this data is a snapshot in time from the date of March 14, and the acronyms MEP and TCO respectively refer to mechanical, electrical, plumbing, and temporary certificate of occupancy. The total number of permits currently affected by this extension Ordinance is approximately 10,000, but that number will increase between the effective date and June 30, 2023.

Permit Status	Building	Clear & Grade	MEP	Total
Open	14	3	3	20
Pending	400	172	142	714
Ready to Issue	158	24	71	253
Issued	1782	383	6669	8834
TCO	28	0	0	28
Total	2382	582	6885	9849

Staff will continue to engage in discussions with stakeholders regarding duration of permit applications and issued permits, including developers, Bellevue Chamber of Commerce, Bellevue Downtown Association, Master Builders Association, NAIOP, and other interested parties and associations.

The impact of the extension Ordinance is to grant additional time for developers to evaluate market conditions, determine project viability, secure financing, and decide whether to proceed. The 180-day extension is a one-time action that includes projects that have submitted or will submit a complete building permit application between the effective date of the Ordinance and June 30, 2023. Those projects will be vested under the 2018 construction codes (building, energy, mechanical, plumbing, residential) and will remain active for an additional 180 days in permit application status and an additional 180 days in issued permit status.

A potentially negative impact of this permit extension Ordinance is that by allowing projects additional time during which more recent code changes would not be applicable, there is some delay in seeing implementation of those changes. The maximum life of a permit application would be extended from 1.5 years to 2.0 years, and the maximum life of an issued permit would be extended from 3.0 years to 3.5 years, which thereby extends the time when construction may proceed under prior codes. However, 180 days is a relatively short time and is consistent with prior Council actions to extend the life of building and clearing and grading permits.

Council also requested information on phasing of major projects. Phasing is currently addressed under BCC 23.05.090.F.3, which provides for application and issuance of significant portions of a project in phases while retaining the original project vesting for entitlement and construction codes, so long as a phasing plan is approved and the following criteria is met: 1) each subsequent complete permit application is submitted within 12 months of the prior application; and 2) the application for the last phase occurs within 36 months of the first application that established vesting for the project.

Council also directed staff to initiate a Land Use Code Amendment (LUCA) to allow administrative extensions to the vesting provisions of LUC 20.40.500. That LUCA will follow a separate process independent of this proposed permit extension ordinance.

Chapter 23.05 BCC establishes the time limits for building permit applications and expiration periods for issued building permits. Chapter 23.76 BCC establishes the time limits for clearing and grading permit applications and expiration periods for issued clearing and grading permits. In turn, LUC 20.40.500

establishes time limits for the vesting of land use permit applications, and the vesting period for some of these land use permit applications may not be extended administratively under current Code.

This permit extension Ordinance responds to the current status of development in Bellevue, which has been impacted by multiple factors, including an office market in transition as employers and employees jointly determine the future of remote work, inflation of construction and land costs, interest rates, and changes in the tech industry. While Bellevue remains in a strong and stable position for development, with a diverse and highly trained local workforce, well-known national employers, and an excellent quality of life, many development projects currently approved by the City or under review by the City need the benefit of extension of permit applications and issued permits.

If the permit applications or issued permits expire, it will be difficult for project proponents to sell projects or to obtain capital to restart and complete the projects, due to economic and financial market conditions. In addition, if projects must go through the permit processes again, this process will add additional cost and time to both the permit applicants and the City in order to realize completion of the project. More generally, if building permits or clearing and grading permits for plat infrastructure are allowed to expire, then such expiration may create a barrier for new commercial and residential development within the City. Expiration of permit applications and issued permits under Chapters 23.05 and 23.76 BCC could also subject projects that have been approved by the City within the last several years, or are currently under construction, to the risk of failure.

Building Permit Extension

BCC 23.05.090.H delineates the expiration period for building permit applications and applies to complete building permit applications. BCC 23.05.100.E delineates the expiration period for issued building permits, including the time period in which an applicant must commence work to prevent the permit from expiring. The proposed Ordinance will extend the time limits for building permit applications set forth in BCC 23.05.090.H and for issued building permits set forth in BCC 23.05.100.E by one hundred and eighty (180) days. These extensions will apply only to complete building permit applications and issued building permits active on the effective date of this Ordinance, complete building permit applications submitted to the City by June 30, 2023, and building permits issued by the City when the complete application was submitted by June 30, 2023.

Clearing and Grading Permit Extension

BCC 23.76.045 delineates the vesting and expiration period for clearing and grading permit applications and issued clearing and grading permits. These code provisions include vesting and expiration dates for clearing and grading permit applications for plat infrastructure, and BCC 23.76.045 also requires that applicants and developers commence work within a certain time period to preserve their rights. The Ordinance will extend the time limits for clearing and grading permit applications and for issued clearing and grading permits, as set forth in BCC 23.76.045.A, by one hundred and eighty (180) days. Similar to the extension for building permits, these extensions will apply only to complete clearing and grading permit applications and issued clearing and grading permits active on the effective date of this Ordinance, complete clearing and grading permit applications submitted to the City by June 30, 2023, and clearing and grading permits issued by the City when the complete application was submitted by

June 30, 2023.

Exception for Civil Violations

The time extensions provided by this Ordinance will not apply to any properties that are the subject of an active request for voluntary compliance or civil violation proceeding under Chapter 1.18 BCC.

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue's Comprehensive Plan provides policy direction to promote a business climate that supports the retention and expansion of the City's economic base. The proposed extension to permit applications and issued permits, provides additional time for current applications or issued permits, to complete development projects, and supports the policy direction established by the Comprehensive Plan.

Fiscal Impact

While the consequences of expiring building permits and clearing and grading permits would be financially impactful to property owners, developers, and builders, the City may also bear the burden in the form of decreased tax revenues, underutilized and vacant land, and the long-term impacts associated with abandoned construction sites.

OPTIONS

1. Adopt the Ordinance extending the life of certain complete building permit applications, complete clearing and grading permit applications, issued building permits, and issued clearing and grading permits when complete permit applications have been submitted to the City, or the issued permits remain active, between the effective date of this Ordinance and June 30, 2023; providing for an exception for civil violations; providing for severability; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

Proposed Ordinance No. 6732

AVAILABLE IN COUNCIL LIBRARY

N/A